XVII

MEETING THE WAR BILL

January, 1919

The Total War Debt—What are our Loans to the Allies worth? —Other Uncertain Items—The Prospects of making Germany pay—The Right Way to regard the Debt—Our Capital largely intact—A Reform of the Income Tax—The Debt to America—The Levy on Capital and other Schemes—The only Real Aids to Recovery.

A TABLE published week by week by the *Economist* shows that from August 1, 1914, to November 9, 1918, the Government paid out £8612 millions sterling. From this we have to deduct an estimate of the amount that the Government would have spent if there had not been a war, so that we are at once landed in the realm of conjecture. The last pre-war financial year saw an expenditure of £198 millions, and it is safe to assume that this figure would have swollen by a few millions a year if peace had continued, so that we may take at least £860 millions from the above total as normal peace expenditure for the 4½ years. This gives us £7752 millions as the gross cost of the war, as far as the period of actual fighting is concerned. From this figure, however, we are able to make some big deductions. There are loans to Allies and Dominions, and some other much more readily realisable assets than